

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:)
)
EASTERN LIVESTOCK CO., LLC,) Case No. 10-93904-BHL-11
)
Debtor.)

MOTION TO APPROVE COMPROMISE AND SETTLEMENT
WITH AMOS KROPF PURSUANT TO RULE 9019

Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, James A. Knauer, as Chapter 11 trustee ("Trustee") for the bankruptcy estate ("Estate") of Eastern Livestock Co., LLC ("Debtor"), by counsel, hereby files this motion (the "Settlement Motion") requesting the Court's approval of a compromise and settlement of claims between the Trustee and Amos Kropf ("Kropf") pursuant to the terms and conditions set forth in the Settlement Agreement and Mutual Release substantially in the form attached hereto as Exhibit "A" (the "Settlement Agreement"). In support of this Settlement Motion, the Trustee respectfully represents the following:

Introduction and Background

1. Certain petitioning creditors commenced the above-captioned chapter 11 case (the "Chapter 11 Case") against the Debtor on December 6, 2010, by filing an involuntary petition for relief under chapter 11 of title 11 of the United States Code. This Court entered the Order for Relief in An Involuntary Case and Order to Complete Filing [Doc. No. 110] on December 28, 2010.

2. On December 27, 2010, the Court entered the Order Approving the Appointment of James A. Knauer as Chapter 11 Trustee [Doc. No. 102] pursuant to 11 U.S.C. § 1104.

3. On January 25, 2012, the Trustee filed the Trustee's Motion to Approve Certain Preference Avoidance Protocols and Terms of Settlement [Doc. No. 977] (the "Preference Protocol Motion"). The Court entered its Order Granting Trustee's Motion to Approve Certain Preference Avoidance Protocols and Terms of Settlement on February 15, 2012 [Doc. No. 1035] (the "Preference Protocol Order"), pursuant to which the Court authorized the Trustee to settle the Trade Preferences¹ in the sums of the Estimated Net Exposure without further order of the Court.

4. Based on his investigation, the Trustee concluded that Kropf received not less than \$802,266.01 in transfers from the Debtor (the "Transfers").

5. The Trustee commenced Adversary Proceeding No. 12-59095 against Kropf on November 21, 2012 to avoid and recover the Transfers from Kropf ("Preference Claim"). Subsequent to November 21, 2012, Kropf has provided information to the Trustee and has asserted defenses that arguably and significantly reduce Kropf's Estimated Net Exposure.

The Settlement

6. To avoid the cost, expense, and delay of litigation, Kropf is willing to make payment of \$50,000.00 in two installments of \$25,000.00, with the final installment payment due September 30, 2014 (the "Settlement Amount") in satisfaction of the Preference Claim, provided the Court enters a final, non-appealable order approving this Settlement Motion. Kropf has, in fact, tendered his initial installment payment to the

¹ Capitalized terms not otherwise defined herein shall have the meaning set forth in the Preference Protocol Motion.

Trustee to be held in a trust account controlled by the Trustee while this matter remains pending and until receipt of the final payment.

7. In accordance with the terms of the Plan, the Settlement Amount shall become part of the Recovery Fund (as that term is defined in the Estate's confirmed Chapter 11 Plan).

8. In the exercise of his sound business judgment, the Trustee has determined that a settlement of the Preference Claim in the Settlement Amount is in the best interests of the Debtor's estate and its creditors.

9. The Trustee requests that the Court approve the compromise and settlement of claims between the Trustee and Kropf pursuant to the terms and conditions set forth in the Settlement Agreement. The Trustee is seeking court approval of the Settlement Agreement because the Settlement Amount is less than the sum of the Estimated Net Exposure as approved by the Preference Protocol Order.

Basis for Relief

10. Pursuant to Bankruptcy Rule 9019(a), this Court has authority to approve a compromise or settlement after notice and opportunity for a hearing. Under Bankruptcy Rule 9019, a bankruptcy court should approve a proposed compromise if it is fair and equitable and in the best interests of the estate. *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *In re Doctors Hosp. of Hyde Park, Inc.*, 474 F.3d 421, 426 (7th Cir. 2007). The Seventh Circuit has offered the following guidance to courts in making such determinations:

The linchpin of the "best interests of the estate" test is a comparison of the value of the settlement with the probable costs and benefits of litigating. Among the factors the court considers are the litigation's probability of success, complexity, expense,

inconvenience, and delay, “including the possibility that disapproving the settlement will cause wasting of assets.”

In re Doctors Hosp. of Hyde Park, Inc., 474 F.3d at 426 (citations omitted).

11. Although the Trustee believes there is legal and factual support for the Preference Claim, settlement avoids the costs, expense, delay, and uncertainties of litigation. Litigation creates additional costs and expenses for the Debtor's estate and will thereby further deplete the estate. When evaluating the proposed settlement, the Trustee considered (i) the expenses the Debtor's estate would incur in litigating the Preference Claim, (ii) the probability of success in prosecuting the Preference Claim in light of the asserted defenses, and (iii) the best interests of the Debtor's estate and its creditors.

12. Pursuant to the exercise of his sound business judgment, the Trustee believes that the compromise and settlement reflected in the proposed Settlement Agreement is fair and equitable and in the best interests of the estate.

13. If no objections to this Settlement Motion are filed, the Parties request that the Court enter an order approving the Settlement Agreement. If any objections to this Settlement Motion are filed, the parties request that this Settlement Motion and any timely filed objection be scheduled for hearing by the Court on the earliest date that is available and convenient to the Court.

WHEREFORE, the Trustee respectfully requests that the Court enter an order approving the Settlement Agreement attached hereto as Exhibit “A” and grant the Trustee all other just and proper relief.

Respectfully submitted,

KROGER, GARDIS & REGAS, LLP

By: /s/ Jay P. Kennedy
Jay P. Kennedy (#5477-49)
Counsel for James A. Knauer,
Chapter 11 Trustee
111 Monument Circle, Suite 900
Indianapolis, IN 46204-5125
Telephone: (317) 777-7428
jpk@kgrlaw.com

CERTIFICATE OF SERVICE

I hereby certify that on July 30, 2014, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

David L. Abt
davidabt@mwt.net

Kay Dee Baird
kbaird@kdlegal.com

C. R. Bowles, Jr
cbowles@bgdlegal.com

Kent A Britt
kabritt@vorys.com

Lisa Koch Bryant
courtmail@fbhlaw.net

Deborah Caruso
dcaruso@daleeke.com

Joshua Elliott Clubb
joshclubb@gmail.com

Jack S. Dawson
jdawson@millerdollarhide.com

David Alan Domina
dad@dominalaw.com

Shawna M. Eikenberry
shawna.eikenberry@faegrebd.com

Robert Hughes Foree
robertforee@bellsouth.net

Thomas P. Glass
tpglass@strausstroy.com

Paul M. Hoffman
paul.hoffmann@stinsonleonard.com

Jeffrey L Hunter
jeff.hunter@usdoj.gov

Todd J. Johnston
tjohnston@mcjllp.com

Edward M King
tking@fbtlaw.com

Theodore A. Konstantinopoulos
ndohbky@jbandr.com

David L. LeBas
dlebas@namanhowell.com

Elliott D. Levin
edl@rubin-levin.net

Karen L. Lobring
lobring@msn.com

Harmony A. Mappes
harmony.mappes@faegrebd.com

Kelly Greene McConnell
lisahughes@givenspursley.com

William Robert Meyer, II
rmeyer@stites.com

Allen Morris amorris@stites.com

Matthew Daniel Neumann
mneumann@hhclaw.com

Amelia Martin Adams
aadam@dlgfir.com

Christopher E. Baker
cbaker@thbkilaw.com

David W. Brangers
dbrangers@lawyer.com

Kayla D. Britton
kayla.britton@faegrebd.com

John R. Burns, III
john.burns@faegrebd.com

Ben T. Caughey
ben.caughey@icemiller.com

Jason W. Cottrell
jwc@stuartlaw.com

Dustin R. DeNeal
dustin.deneal@faegrebd.com

Daniel J. Donnellon
ddonnellon@ficlaw.com

Jeffrey R. Erler
jerler@ghjhlaw.com

Sandra D. Freeburger
sfreeburger@dsf-atty.com

Patrick B. Griffin
patrick.griffin@kutakrock.com

John David Hoover
jdhoover@hooverhull.com

Jay Jaffe
jay.jaffe@faegrebd.com

Jill Zengler Julian
Jill.Julian@usdoj.gov

James A. Knauer
jak@kgilaw.com

Randall D. LaTour
rdatour@vorys.com

Martha R. Lehman
mlehman@kdlegal.com

Kim Martin Lewis
kim.lewis@dinslaw.com

Jason A. Lopp
jlopp@wyattfirm.com

John Frederick Massouh
john.massouh@sprouselaw.com

James Edwin McGhee
mcghee@derbycitylaw.com

Kevin J. Mitchell
kevin.mitchell@faegrebd.com

Judy Hamilton Morse
judy.morse@crowedunlevy.com

Walter Scott Newbern
wsnewbern@msn.com

John W. Ames
james@bgdlegal.com

Robert A. Bell
rabell@vorys.com

Steven A. Brehm
sbrehm@bgdlegal.com

Joe Lee Brown
Joe.Brown@Hardincounty.biz

John R. Carr, III
jrciii@acs-law.com

Bret S. Clement
bclement@acs-law.com

Kirk Crutcher
kcrutcher@mcs-law.com

Laura Day Delcotto
ldelcotto@dlgfir.com

Trevor L. Earl
tearl@rwsvlaw.com

William K. Flynn
wkflynn@strausstroy.com

Melissa S. Giberson
msgiberson@vorys.com

Terry E. Hall
terry.hall@faegrebd.com

John Huffaker
john.huffaker@sprouselaw.com

James Bryan Johnston
bjtexas59@hotmail.com

Jay P. Kennedy
jpk@kgilaw.com

Erick P. Knoblock
eknoblock@daleeke.com

David A. Laird
david.laird@moyewhite.com

Scott R. Leisz
sleisz@bgdlegal.com

James B. Lind
jblind@vorys.com

John Hunt Lovell
john@lovell-law.net

Michael W. McClain
mmclain@mcclaindeweese.com

Brian H. Meldrum
bmeldrum@stites.com

Terrill K. Moffett
kendalcantrell@moffettlaw.com

Erin Casey Nave
enave@taftlaw.com

Shiv Ghuman O'Neill
shiv.oneill@faegrebd.com

Matthew J. Ochs
kim.maynes@moyewhite.com
Ross A. Plourde
ross.plourde@mcafeetaft.com
Timothy T. Pridmore
tpridmore@mcjllp.com
Eric W. Richardson
ewrichardson@vorys.com
Mark A. Robinson
mrobinson@vhrllaw.com
Joseph H. Rogers
jrogers@millerdollarhide.com
Niccole R. Sadowski
nsadowski@thbklaw.com
Ivana B. Shallcross
ishallcross@bgdlegal.com
James E. Smith, Jr.
jsmith@smithakins.com
Joshua N. Stine
kabritt@vorys.com
Meredith R. Theisen
mtheisen@daleeke.com
Christopher M. Trapp
ctrapp@rubin-levin.net
Andrew James Vandiver
avandiver@aswdlaw.com
Stephen A. Weigand
sweigand@ficlaw.com
Michael Benton Willey
michael.willey@ag.tn.gov

Jessica Lynn Olsheski
jessica.olsheski@justice-law.net
Brian Robert Pollock
bpollock@stites.com
Anthony G. Raluy
traluy@fbhlaw.net
Joe T. Roberts
jratty@windstream.net
Jeremy S. Rogers
Jeremy.Rogers@dinslaw.com
James E. Rossow jim@rubin-levin.net
Thomas C. Scherer
tscherer@bgdlegal.com
Sarah Elizabeth Sharp
sarah.sharp@faegrebd.com
William E. Smith, III wsmith@kglaw.com
Andrew D. Stosberg
astosberg@lloydmc.com
John M. Thompson
john.thompson@crowedunlevy.com
Chrisandrea L. Turner
clturner@stites.com
Andrea L. Wasson
andrea@wassonthornhill.com
Charles R. Wharton
Charles.R.Warton@usdoj.gov
Jason P. Wischmeyer
jason@wischmeyerlaw.com

Michael Wayne Oyler
moyler@rwsvlaw.com
Wendy W. Ponader
wendy.ponader@faegrebd.com
Eric C. Redman
ksmith@redmanludwig.com
David Cooper Robertson
crobertson@stites.com
John M. Rogers johnr@rubin-levin.net
Steven Eric Runyan
ser@kgllaw.com
Stephen E. Schilling
seschilling@strausstroy.com
Suzanne M Shehan
suzanne.shehan@kutakrock.com
Amanda Dalton Stafford
ads@kgllaw.com
Matthew R. Strzynski
indyattorney@hotmail.com
Kevin M. Toner
kevin.toner@faegrebd.com
U.S. Trustee
ustpreion10.in.ecf@usdoj.gov
Jennifer Watt
jwatt@kgllaw.com
Sean T. White
swhite@hooverhull.com
James T. Young james@rubin-levin.net

I further certify that on July 30, 2014, a copy of the foregoing pleading was served via electronic mail transmission on the following:

Thomas Richard Alexander, II
tra@rgba-law.com

/s/ Jay P. Kennedy
Jay P. Kennedy, Attorney No. 5477-49
Counsel for James A. Knauer, Trustee

KROGER, GARDIS & REGAS, LLP
111 Monument Circle, Suite 900
Indianapolis, Indiana 46204-5125
(317) 692-9000 Telephone